



Office of the City Manager

MEMORANDUM

Date: March 4, 2009
To: Mayor and City Council
Through: Charles McNeely, City Manager
From: Maureen McKissick, Grant and Fund Development Manager
Subject: Update re the American Recovery and Reinvestment Act of 2009 (“Stimulus”)

Staff continues to take all internal steps necessary to maximize access to future funding opportunities through the new bill. These efforts include regular cross-agency communication, preparing for discretionary grant applications, and ensuring that all regulatory review requirements are “project ready.” There have been innumerable meetings and e-mails over the course of the last four weeks.

In a nutshell, the Stimulus provides two types of funding opportunities for the City: direct allocations through formula block grants and the ability to apply for discretionary grants. At this writing, the federal departments that oversee both types of monies are still developing their guidelines. Staff learned that there was a high-level meeting on March 3 at which the federal departmental directors were told to finalize their guidelines by March 13. This will be helpful; without the guidelines, staff cannot address the myriad regulatory requirements that are an element of project feasibility and readiness.

Formula Grants

The formula block grants have the most aggressive time frames for implementation; most of these grants must be obligated by mid-May. The formula block grants the City will receive are:

- \$546,939 in Community Development Block Grants (CDBG’s)
- \$1,480,000 in Energy Efficiency Community Block Grants (EECBG’s)
- ~\$200,000 in COPS law enforcement grants
- ~\$836,000 in Emergency Shelter Grants (ESG’s)

Because of the time-sensitivity regarding the obligation of the formula block grants, staff will be asking for direction on those projects at the March 11 Council meeting. The COPS funding and ESG funding are highly restricted and their implementation does not require any Council action at this time, but the CDBG's and EECBG's can be used for a variety of purposes. Staff will be presenting Council with lists of potential projects that could be funded through these two "pots" and asking for prioritization.

Discretionary Grants

The time frames for discretionary grants will be at least 2-3 months longer than the direct formula allocations. Some of the programs that the City is eligible to apply for discretionary grants within include:

- Fire station construction
- Additional Neighborhood Stabilization Program funds ("foreclosure funds")
- Byrne Justice Assistance Grants for COPS law enforcement hiring
- Additional energy grants

Staff will be presenting Council with options for prospective discretionary grant projects at the March 25 Council meeting.

Stimulus Provisions re Use of Funds

I want to address several questions that arose during the last week regarding allowed uses of Stimulus dollars. Specifically, I received inquiries about whether the City could use Stimulus funding for community center repairs, swimming pool repairs, or to enhance City parks.

The final bill categorically excludes the use of any funds for:

- Swimming pools
- Golf courses
- Aquariums
- Casinos
- Zoos

It is noteworthy that the Senate version of the bill expanded this list to include street and highway beautification projects, community parks, stadiums, theaters, museums, and art centers. While the Senate list was ultimately conferenced back to the shorter House version, the longer list shows that Congress' intent is to prohibit the use of funds for projects that have tenuous economic benefits (with the exception of casinos), do not create jobs, or give the appearance of "pork." The projects on the excluded list may have recreational or cultural benefits, but the Stimulus is all about economic benefits, infrastructure improvements, and employment.

The Stimulus prohibits "supplanting" – the use of funds to offset what would have been a normally-budgeted expense. Thus, if there were a City project that was eligible for Stimulus dollars but had been budgeted through the City's regular process, that project would be disallowed. The Stimulus also contains "maintenance of efforts" provisions. These provisions require that a program or position started with Stimulus funds must not be discontinued when the federal dollars run out. An example of this that might directly affect the City is the COPS hiring program. Maintenance of efforts is one of the hot issues at the Nevada Legislature right now with respect to accepting Stimulus funds for unemployment benefits, education, and healthcare.

In addition, the guidelines of the federal departments can impose another layer of Stimulus

restrictions. HUD has strict regulations that prohibit the use of its CDBG funds for:

- General government operations
- Maintenance related to government-owned facilities

Under this regulation, the City could not use CDBG Stimulus funding for any of the maintenance issues related to, for instance, the Moana Pool or the NECC roof.

In general, there continues to be a public perception that the Stimulus provisions provide unlimited local funding opportunities. Staff in Public Works, Police, Fire, Finance, and the City Manager's Office are receiving daily phone calls and e-mails from local agencies looking for funding or for contracted employment opportunities.